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**PRELIMINARY DRAFT  
No. 3058**

**PREPARED BY  
LEGISLATIVE SERVICES AGENCY  
2005 GENERAL ASSEMBLY**

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**DIGEST**

**Citations Affected:** IC 6-3.1-7-2.

**Synopsis:** Enterprise zone incentives. Increases the amount of the enterprise zone loan interest credit from 5% to 15% of the interest received from qualified loans.

**Effective:** January 1, 2006.



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A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.1-7-2 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. (a) A taxpayer  
3       is entitled to a credit against the taxpayer's state tax liability for a  
4       taxable year if the taxpayer:

- 5           (1) receives interest on a qualified loan in that taxable year;  
6           (2) pays the registration fee charged to zone businesses under  
7           IC 4-4-6.1-2;  
8           (3) provides the assistance to urban enterprise associations  
9           required from zone businesses under IC 4-4-6.1-2(b); and  
10          (4) complies with any requirements adopted by the enterprise  
11          zone board under IC 4-4-6.1 for taxpayers claiming the credit  
12          under this chapter.

13       However, if a taxpayer is located outside of an enterprise zone,  
14       subdivision (4) does not require the taxpayer to reinvest its incentives  
15       under this section within the enterprise zone, except as provided in  
16       subdivisions (2) and (3).

17       (b) The amount of the credit to which a taxpayer is entitled under  
18       this section is ~~five~~ **fifteen** percent (~~5%~~) (**15%**) multiplied by the  
19       amount of interest received by the taxpayer during the taxable year  
20       from qualified loans.

21       (c) If a pass through entity is entitled to a credit under subsection (a)  
22       but does not have state tax liability against which the tax credit may be  
23       applied, an individual who is a shareholder, partner, beneficiary, or  
24       member of the pass through entity is entitled to a tax credit equal to:

- 25           (1) the tax credit determined for the pass through entity for the  
26           taxable year; multiplied by  
27           (2) the percentage of the pass through entity's distributive income  
28           to which the shareholder, partner, beneficiary, or member is  
29           entitled.

30       The credit provided under this subsection is in addition to a tax credit  
31       to which a shareholder, partner, beneficiary, or member of a pass



1 through entity is entitled. However, a pass through entity and an  
2 individual who is a shareholder, partner, beneficiary, or member of a  
3 pass through entity may not claim more than one (1) credit for the  
4 qualified expenditure.

5 SECTION 2. [EFFECTIVE JANUARY 1, 2006] **IC 6-3.1-7-2, as**  
6 **amended by this act, applies to taxable years beginning after**  
7 **December 31, 2005.**

